**Annex 6**

**REQUEST FOR GUIDANCE FROM THE BOARD ON POTENTIAL DOUBLE COUNTING OF EMISSION REDUCTIONS FOR BIOFUEL PRODUCTION/CONSUMPTION**

## A. Case NM0082-rev: "Khon Kaen fuel ethanol project"

1. **Background**: The proposed new methodology is developed for projects that produce a blend of bio-ethanol and gasoline ("gasohol") and sells this onwards. It monitors factory and purchaser records of biofuel, and indicates that the verifier must obtain confirmation from the buyer that the volume of fuel has been used in transportation in the host country. This methodology also indicates that to "ensure that the DNA does not approve another fuel switch project than conflicts with the project activity… which could result in double counting…project proponents must obtain from the host DNA written confirmation that it is willing and able to ensure that no fuel switch projects are approved that use the same anhydrous bio-ethanol produced by the project activity".

2. **Comment**: Ensuring that double counting of emission reductions from individual projects does not occur could be relatively simple in some countries (e.g. where biofuels are not routinely used, and where projects increasing the supply and demand of biofuels are located in different parts of the country. A large geographical distance between producer and consumer means that a producer claiming credits for producing/selling biofuels is unlikely to sell their biofuel to a consumer who is claiming credits for consuming biofuels). However, it could be more difficult to distinguish the areas covered by demand-side and supply-side biofuel projects in smaller countries and/or countries with a larger baseline use of biofuel, and/or countries with a smaller geographical distance between two projects increasing the supply and increasing the demand of biofuels, and/or countries with institutional capacity constraints at the DNA level. It is also worthwhile noting that a DOE could check to see if any potential conflicts with already-approved projects is likely in the host country.

3. **Questions:**

(a) If a host country DNA is willing to provide written assurance that it will not approve another project that conflicts with already-approved projects, is this an acceptable means of ensuring that no double counting will occur?

(b) If not, could this checking be done by a DOE?

## B. Case NM0129: "Sunflower Methyl-Ester Biodiesel Project in Thailand"

4. **Background**: The proposed new methodology is developed for projects that include plantation activities, biofuel production and biofuel selling. However, the fate of biofuels sold is not clearly indicated, as only the role but not the use, of biofuels is monitored. It is unclear therefore what point of sale is being monitored (from biofuel production site, at distributor, at petrol stations) and how. In order to ensure no double counting, this methodology suggests that a "first come first served" approach is taken to biofuel project types, i.e. in a particular host country only biofuel production projects or biofuel consumption projects would be eligible to generate CERs in the countries in which this methodology is used.

5. **Comment**: This is a simple and easily verifiable condition to undertake, and would ensure that no double counting of emission reductions from biofuel projects will occur. However, it could

also result in disqualifying potential CDM projects from generating credits even if the risk of double counting of emission reductions is very small.

6. **Questions:**

(a) Is this an acceptable means of reducing potential double counting by potential CDM projects that consume/produce biofuel?

(b) Does the EB agree with the Meth Panel's concern that one CDM project, by virtue of its methodology, appears capable of disqualifying other potential CDM projects and methodologies?

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